

# MIDWEST JOBS PICTURE: STRATEGIES TO REBUILD COMMUNITIES (PART II)

---

## FIELD HEARING OF THE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS UNITED STATES SENATE ONE HUNDRED TENTH CONGRESS SECOND SESSION ON EXAMINING THE MIDWEST JOBS PICTURE, FOCUSING ON STRATEGIES TO REBUILD COMMUNITIES (PART II)

OCTOBER 8, 2008 (DAYTON, OH)

Printed for the use of the Committee on Health, Education, Labor, and Pensions



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/senate>

U.S. GOVERNMENT PRINTING OFFICE

54-534 PDF

WASHINGTON : 2010

---

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Internet: [bookstore.gpo.gov](http://bookstore.gpo.gov) Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

EDWARD M. KENNEDY, Massachusetts, *Chairman*

CHRISTOPHER J. DODD, Connecticut

TOM HARKIN, Iowa

BARBARA A. MIKULSKI, Maryland

JEFF BINGAMAN, New Mexico

PATTY MURRAY, Washington

JACK REED, Rhode Island

HILLARY RODHAM CLINTON, New York

BARACK OBAMA, Illinois

BERNARD SANDERS (I), Vermont

SHERROD BROWN, Ohio

MICHAEL B. ENZI, Wyoming

JUDD GREGG, New Hampshire

LAMAR ALEXANDER, Tennessee

RICHARD BURR, North Carolina

JOHNNY ISAKSON, Georgia

LISA MURKOWSKI, Alaska

ORRIN G. HATCH, Utah

PAT ROBERTS, Kansas

WAYNE ALLARD, Colorado

TOM COBURN, M.D., Oklahoma

J. MICHAEL MYERS, *Staff Director and Chief Counsel*

ILYSE SCHUMAN, *Minority Staff Director and Chief Counsel*

(II)

# C O N T E N T S

## STATEMENTS

WEDNESDAY, OCTOBER 8, 2008

	Page
Johnson, Steven, Ph.D., President, Sinclair Community College, Dayton, OH ..	1
Brown, Hon. Sherrod, a U.S. Senator from the State of Ohio, opening state- ment .....	2
McLin, Hon. Rhine, Mayor, Dayton, OH .....	5
Prepared statement .....	7
Mead, Dudley, Worker, Dayton, OH .....	8
Prepared statement .....	10
Richardson, Tiffani, Worker, Dayton, OH .....	13
Honeck, Jon, Ph.D., Policy Analyst, Policy Matters Ohio, Columbus, OH .....	14
Prepared statement .....	16
Edwards, Stacia, Director, Regional Workforce Transformation Consortium, Sinclair Community College, Dayton, OH .....	19
Prepared statement .....	21

## ADDITIONAL MATERIAL

Statements, articles, publications, letters, etc.:	
Enzi, Hon. Michael B., a U.S. Senator from the State of Wyoming, pre- pared statement .....	36

(III)



## **MIDWEST JOBS PICTURE: STRATEGIES TO REBUILD COMMUNITIES (PART II)**

**WEDNESDAY, OCTOBER 8, 2008**

U.S. SENATE,  
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,  
*Dayton, OH.*

The committee met, pursuant to notice, at 3:00 p.m. at Sinclair Community College, Charity Earley Auditorium, Room 172, 444 West Third Street, Dayton, OH, Hon. Sherrod Brown, presiding.  
Present: Senator Brown.

### **STATEMENT OF STEVEN JOHNSON, PH.D., PRESIDENT, SINCLAIR COMMUNITY COLLEGE**

Mr. JOHNSON. I am Steven Johnson, president of Sinclair Community College. I want to welcome all of you here for this hearing.

It is certainly a very special occasion for us. U.S. Senate hearings certainly are an everyday occurrence in Washington, DC, on Capitol Hill. But they are certainly not an everyday occurrence for us in Dayton, OH.

It is great to have Senator Sherrod Brown here with us today, bringing to us this hearing and hearing from us our concerns, our issues, our ideas, and our opportunities as we look at the jobs challenge and the economic challenges that we are, indeed, facing.

I was asked to welcome you this afternoon, and it is a pleasure to do so. It is interesting times we are living in, important times we are living in. Challenges and opportunities abound. It is interesting how both seem to come at you in big tidal waves. And so, with these challenges and opportunities, we certainly need to be on our feet and on our toes in order to embrace those.

I am so pleased that Senator Sherrod Brown is one of those very active leaders who comes to us and not only makes us come to him. He has held well over 100 meetings and hearings here in the State of Ohio since being Senator. And that is not over years and years and years and years. He has been a U.S. Senator now for a couple of years.

I will remind you that Senator Brown sits on the Health, Education, Labor, and Pensions Committee and on the Banking Committee. He is the first Ohio Senator, which—this is, indeed, mind-boggling—the first Ohio Senator in 40 years to sit on the Agriculture and Nutrition Committee and the first Ohio Senator to serve a full term on the Veterans Committee.

As a U.S. Senator, he has held 110 roundtables around the State with farmers, veterans, health professionals, small business owners, community leaders, teachers, and bankers. He began his career

as an elected leader by being elected to the Ohio House of Representatives in 1974. He served as Ohio's Secretary of State from 1983 to 1990, leading the effort to what the Washington Post calls the most successful voter registration in the country.

As a congressman from the 13th District from 1993 to 2006—U.S. congressman—he earned a reputation as an independent voice for ordinary Ohioans and middle class families, a man of principle who has made a career of standing up to special interests who have too much influence in Washington.

Fifteen years ago—and I think this is important to amplify, 15 years ago, Sherrod pledged not to take the congressional health plan until every Ohioan has healthcare coverage. To this day, he refuses the congressional health plan.

A native of Mansfield, OH, Senator Brown is a graduate of Yale University and earned a Master's degree from Ohio State University in education and public administration.

Not yet 2 years ago, Senator Brown was Sinclair Community College's commencement speaker. I remember that day very, very well. He went to great lengths to be here at Sinclair to be our commencement speaker. It was not easy, given his schedule, to do so. But he did it. He made it.

He was one of the best commencement speakers ever, and then he went a further step during the commencement ceremony to make sure that he shook the hand of each and every graduate, each and every graduate, because each and every one of them means something to the Senator.

Thank you for being with us today.

Would you please welcome Senator Sherrod Brown.

[Applause.]

#### OPENING STATEMENT OF SENATOR BROWN

Senator BROWN. Dr. Johnson, thank you very much. Thank you for your terrific leadership at one of the great educational institutions in this State.

I say that not just when I am at Sinclair, but as President Johnson knows, I talk about Sinclair all over the State because of the terrific things that I know you are doing from my being here several times to the stories that Brooke and Jack Dover and Ed Roberts and so many others on my staff and around the State talk to me about.

So thank you very, very much.

One of the great things about a community college graduation—and many of you, I know, are very active at the school. Some of you are students here. If you have never been to a community college graduation, it is the greatest event because it is full of students who are first in their family to go to college. It is full of students walking in during commencement holding a baby or having a small child with them.

You see three or four generations. Often, it is the student and parents and grandparents and kids. It is people that have been in and out of school often for several years and have gotten things together and are going out to change the world.

When you stand there and get to meet the students as they graduate one by one, the one group of students I remember the most

were the dental hygienists. On their mortarboards, they had a tooth or something.

But the other thing about this, I remember talking to some of these students. I guess it was May, 18 months or so ago, and I remember how many of them had jobs. I mean, a huge percentage of them that graduated from here, upwards of 90 percent graduated from Sinclair, and have jobs in this area and really are an engine of growth.

With all that has happened, Mayor Johnson, the city of Moline—well, all over this region—and Mayor Raizk, the city of Wilmington, this community college is so important. That is why we decided to do the hearing here. That is why I thought there was no better place than Miami Valley, or really no better place in southwest Ohio, to talk about jobs and what we need to do to get our economy back on track and to do this hearing than at Sinclair Community College.

So thank you for the introduction, and we will get started.

This is an official hearing of the Health, Education, Labor, and Pensions Committee. This is the second of two I am doing in the State. We did one earlier today at the University of Toledo. This is the first time I have really done a committee hearing in the State from that committee.

Senator Kennedy is Chairman of the committee. Senator Enzi from Wyoming is the Ranking Member. Kelly Hastings, if she would put her hand up, represents Senator Enzi and the minority staff. So thank you for coming. It is her first trip to Dayton. She grew up in Virginia and works for a Senator from Wyoming, and this is close enough to half way in between, I guess.

Thank you.

I want to recognize a handful of elected officials here. Mayor Raizk from Wilmington and Mayor Johnson from the city of Moline.

Thank you for being here.

Andre Harper is here, representing Senator Voinovich. He is in the front row.

Nan Whaley from the city of Dayton is here. She is the city commissioner. Nan, welcome.

Two of our county commissioners—Judy Dodge, thank you, and Debbie Lieberman, thank you for being here. I also say about the county commissioners in Dayton how well they work together. Sometimes when I am in other counties, I just don't say anything about the county commissioners because they don't always work so well together. So thank you for that.

After a short opening statement from me, we will hear from our five witnesses who represent very differing views, but we are really on the same team on so many of these issues. Each of them will speak for about 5 minutes, and then I will ask a series of questions.

The hearing will last about an hour and a half. I will stay around and hopefully the panel will, too, if you have questions or want to discuss anything with me or with my staff afterwards.

Chris Slevin is here from my Washington office. He works on labor and trade issues for us. He has worked on a lot of issues

fighting for the middle class, as well, as a part of the work that the committee does.

Brooke Hill runs our Cincinnati office and works in this region of the State. Many of you know Brooke.

Jack Dover and Angela and Ed Roberts are also here. Angela works pretty much all the time in Dayton.

A strong middle class is an essential foundation of our prosperity and our stability. Middle class families across the country, as we know, are in a moment of great challenge and of great potential. Challenges for the economic conditions forced upon them by deregulation, by unfair trade deals, by wrong-headed tax policies. Potential on account of our Nation's work ethic and our Nation's ingenuity, and nowhere better is that illustrated than, I think, in Dayton, OH, and its history.

This is a crucial time for the middle class. This past Friday, the Labor Department reported for the 9th consecutive month the country has lost jobs. In September, 159,000 jobs were eliminated from payrolls, the highest number in 5 years.

Ohio's 7.4 percent unemployment rate hit a 15-year high this summer. Even prior to the steep downturn, Ohio still had hundreds of thousands fewer jobs than it had prior to the last recession. Across the country, 9.4 million workers are unemployed and looking for work, 2.2 million more than a year ago, the highest figure recorded since December 1992.

Two million people have been jobless for more than 6 months. Nearly 6.1 million people are working part-time because they either can't find full-time work or because slack business conditions have led to fewer hours and, of course, to less pay.

This week, it is estimated that 800,000 Americans will exhaust their unemployment insurance, including 22,000 people in Ohio and some number of them in the Miami Valley. Last week, many of us in Congress fought to extend unemployment insurance for workers. The House passed an extension overwhelmingly, 368-28. Unfortunately, Senate Republicans blocked it, and we weren't able to pass it.

Because Congress couldn't finish the bill, more than 800,000 unemployed people in the United States will stop getting their much-needed unemployment checks. That number will grow to 1.1 million by the end of the year. We return to session in November, and I hope we can—it is going to be one of my top priorities. I know it is one of Senator Kennedy's and many others. It is a top priority to extend benefits at that time.

Whether the country is officially in a recession or not, we can say with certainty that Ohio's middle class is in a recession. But Dayton and the Midwest are also ripe for revival.

A strong workforce, Dayton's access to transportation lines, its locations, this community college, Wright-Patterson Air Force Base, the entrepreneurial spirit of Dayton are all assets for new manufacturing and new industries. Sinclair Community College epitomizes the energy and hard work that can revitalize this State.

How can the Federal Government, we should ask, play a role to help reposition Ohio for a new era of prosperity? What role can rapid response networks play in getting workers and communities one step ahead of the curve? What skills and training can be en-



hanced to meet the demands of new industries? What investments in infrastructure and manufacturing can help communities rebuild?

These are the questions our witnesses are helping us answer today. I look forward to their remarks and to our discussion.

So I will begin the introductions. I want to introduce the five of you, and then, Mayor, you can start. But let me introduce each of you.

Mayor Rhine McLin is the Mayor of Dayton. Rhine has been in office 7 years, having previously served in the Ohio Senate and Ohio House of Representatives, where I first knew her and her sister and her father. In 1994, she became the first African-American woman to serve in the Ohio Senate.

Dudley Mead is another Dayton native. He is a pilot for ASTAR. He faces possible job loss due to DHL's proposed deal with UPS. And as he knows and the mayor and all of us have been working hard with Congressman Turner and all to do all we can to try to at least in part fix that situation.

Tiffani Richardson is a Dayton native. She worked for Delphi until 2 years ago. She is currently attending University of Phoenix Online school.

Jon Honeck writes about workforce development, international trade, taxation, economic development policy for Policy Matters. Jon has a Ph.D. in political science from the University of Wisconsin in Madison.

Stacia Edwards is director of the Regional Workforce Transformation Consortium here at Sinclair. Prior to directing the consortium, she spent 22 years at Wright State, most recently as assistant dean of the College of Science and Math. She has degrees from Hanover College and Indiana University.

Mayor McLin, would you start? Give us 5 minutes or so, and then we will start the questions after the 5 panelists.

#### **STATEMENT OF HON. RHINE McLIN, MAYOR, DAYTON, OH**

Ms. McLIN. Thank you. Thank for you inviting me to speak this afternoon on behalf of the city of Dayton.

I especially want to thank Senator Brown for organizing today's event and giving us the opportunity to express our concerns and suggestions for stimulating economic growth throughout the Dayton region. Certainly, the events that have transpired at the national level over the past few weeks regarding the Wall Street crisis only deepen the concern and anxiety we feel locally about our economic future.

As I talk to my fellow mayors from around the country and around the area, we share the same frustrations about how to lead our cities forward with so many demands for services and so little resources to go around. A 10-point plan developed by the U.S. Conference of Mayors outlines our priority needs, some of which are directly related to our discussion today, including the need to supplement fading Community Development Block Grant dollars, increasing Federal funds to rebuild and modernize our infrastructure, and creating a more competitive workforce for our young people and those displaced by lost manufacturing jobs.

In Dayton and the region today, there is no more pressing issue than the retention and creation of good jobs for our citizens and for

our future. Our viability and quality of life as a city and region depend on it. Yet, as the city of Dayton struggles to avoid a \$13 million projected budget deficit for next year, we find it difficult to offer the programs and services we know are needed to stimulate economic growth and to create more jobs.

Certainly, we can point to recent economic development successes that are encouraging for the Dayton area. In the city, we are witnessing investments by CareSource and our other major healthcare institutions. The University of Dayton is a partner in the redevelopment of prime land around its campus.

The BRAC process occurring through the Wright-Patterson Air Force Base will create new high-paying jobs for the region. The development of Tech Town and related high-tech companies is helping with our transition from a heavy manufacturing economy to one based on new and emerging technologies.

However, this transition, like any change, comes with a significant level of pain and difficulty. Dayton and the region have experienced the loss of retail businesses, manufacturing jobs, and corporate offices that often accompany such transformations.

We understand that our economic challenges will not disappear overnight. There is much work to be done to retain and attract high-quality jobs and to educate our youth and retain the workforce for tomorrow's careers. Sinclair plays a vital role in that effort.

As mayor of a city that is facing the challenges firsthand, I have talked to more people than I care to admit who have been affected by the various job closures that have hit Dayton and the surrounding region in the past few years. Laid-off workers from such traditional community anchors as General Motors, Delphi, and their related suppliers tell the same story of frustration and fear.

Many Dayton residents are even being affected by the DHL announcement to downsize its operation in Wilmington, OH. We have many residents who take buses to Wilmington each day to work the busy nightshift. These workers also express the same frustration and fear. Frustration that they dedicated their careers to helping these companies succeed and fear that their current skill sets will not be adequate to fill future jobs in the changing economy.

So what can be done to support these men and women who have been or soon will be hit by the economic challenges today? First, we urge legislators in Washington, DC, to follow through on efforts to extend unemployment insurance. That is one way to assist workers and their families as we enter another winter season. Although admittedly a short-term fix, this action would do much to help people who are already hurting.

We also believe that as a large urban city, Dayton has needs uniquely different than newer suburban communities. Older infrastructure, brownfield remnants, and a population with more social service needs combine to create higher hurdles for urban cities to overcome.

At one time, mature cities had the Urban Enterprise Zone program to help level the playing field. But now those benefits and business incentives are available in almost any community. Big cities need special tools and resources to help us deal with extra challenges we face.

We believe that additional National Emergency Grant monies, like those recently sought by the Ohio Department of Jobs and Family Services from the U.S. Department of Labor, would provide valuable aid. These funds would be used to help expand the capacity to offer more job and skill training programs for displaced workers, especially those from General Motors and DHL.

The ability to retrain and prepare our out-of-work citizens for future employment is critical. Such services will help workers and their families survive the economic transition as we work aggressively to create and offer new job opportunities.

In addition, Federal resources to invest in local infrastructure would help Dayton expedite efforts to clean up old brownfield sites and open the way for new business development and subsequent job creation. We have benefited from such financial assistance in the past for projects like Tech Town and other brownfield redevelopment sites.

But the pace of the funding process can be as frustrating as it is complex. While we understand that money and resources are tight at every level, without the legislative and financial support of the Federal Government, communities across the country will continue to suffer or experience delayed revitalization success.

Given the downward spiral of the national economy today, the sooner that communities can begin to create and grow jobs at the local level, the sooner we can see a rebound on a broader, national scale.

Thank you again for this opportunity to express our concerns. We look forward to continued dialogue on how we can all work together to protect workers and their families and repair and revitalize our local job market.

Thank you.

[The prepared statement of Ms. McLin follows:]

PREPARED STATEMENT OF THE HON. RHINE MCLIN

Thank you for inviting me to speak this afternoon on behalf of the city of Dayton. I especially want to thank Senator Brown for organizing today's event and giving us the opportunity to express our concerns and suggestions for stimulating economic growth throughout the Dayton region.

Certainly the events that have transpired at the national level over the past few weeks regarding the Wall Street crisis only deepen the concern and anxiety we feel locally about our economic future.

There is no more pressing issue in Dayton and the region today than the retention and creation of good jobs for our citizens and for our future. Our viability and quality of life as a city and region depend on it.

Certainly we can point to recent economic development successes that are encouraging for the Dayton area. In the city we are witnessing investments by CareSource and our other major health care institutions. The University of Dayton is a partner in the redevelopment of prime land around its campus. The BRAC process occurring through Wright Patterson Air Force Base will create new, high-paying jobs for the region. And the development of Tech Town and related high-tech companies is helping with our transition from a heavy manufacturing economy to one based on new and emerging technologies.

However, this transition, like any change, comes with a significant level of pain and difficulty. Dayton and the region have experienced the loss of retail businesses, manufacturing jobs, and corporate offices that often accompany such transformations.

We understand that our economic challenges will not disappear overnight. There is much work to be done to retain and attract high-quality jobs, and to educate our youth and retrain the workforce for tomorrow's careers.

As Mayor of a city that is facing the challenges first-hand, I have talked to more people than I care to admit who have been affected by the various job closures that have hit Dayton and the surrounding region in the past few years. Laid-off workers from such traditional community anchors as General Motors, Delphi, and their related suppliers tell the same story of frustration and fear.

Many Dayton residents are even being affected by the DHL announcement to downsize its operation in Wilmington, OH. We have many residents who take buses to Wilmington each day to work the busy night shift. These workers also express the same frustration and fear—frustration that they dedicated their careers to helping these companies succeed, and fear that their current skill sets will not be adequate to fill future jobs in the changing economy.

So what can be done to support these men and women who have been or soon will be hit by the economic challenges today?

First, we recommend that unemployment insurance extensions continue in order to assist workers and their families as we enter another winter season. Although admittedly a short-term fix, this action would do much to help people who are already hurting.

We also believe that as a large urban city, Dayton has needs uniquely different than newer, suburban communities. Older infrastructure, brownfield remnants and a population with more social service needs combine to create higher hurdles for urban cities to overcome.

At one time, mature cities had the Urban Enterprise Zone program to help level the playing field, but now those benefits and business incentives are available in almost any community. Big cities need special tools and resources to help us deal with the extra challenges we face.

We believe that additional National Emergency Grant (NEG) monies, like those recently sought by the Ohio Department of Jobs and Family Services from the U.S. Department of Labor, would provide valuable aid. These funds would be used to help expand the capacity to offer more job and skill training programs for displaced workers, especially those from General Motors and DHL.

In addition, Federal resources to invest in local infrastructure would help Dayton expedite efforts to clean-up old brownfield sites and open the way for new business development and subsequent job creation. We have benefited from such financial assistance in the past, but the pace of the funding process can be as frustrating as it is complex.

While we understand that money and resources are tight at every level, without the legislative and financial support of the Federal Government, communities across the country will continue to suffer, or experience delayed revitalization success.

Given the current condition of the economy, the sooner that communities can begin to create and grow jobs at the local level, the sooner we can see a rebound on a broader national scale.

Thank you again for the opportunity to express our concerns. We look forward to continued dialogue on how we can all work together to protect workers and their families, and repair and revitalize our local job market.

Thank you.

Senator BROWN. Thank you very much, Mayor.

Mr. Mead, thank you.

#### **STATEMENT OF DUDLEY MEAD, WORKER, DAYTON, OH**

Mr. MEAD. Good afternoon. It is an honor to appear before this committee today.

I would like to begin by saying thank you to Senator Brown for holding this important hearing and to Mayor McLin for her valuable attention and support as well.

My name is Dudley Mead. I was born and raised and currently live here in Dayton. I have been a professional pilot for nearly 30 years. I am quite proud of the rich aviation heritage I have inherited from my family, my hometown of Dayton, and the State of Ohio.

Although a longer version of my statement will be entered into the record, I would like to summarize my testimony for you and answer any questions you might have.

I am currently employed as an airline pilot by ASTAR Air Cargo in Wilmington, OH. ASTAR is one of the two Ohio-based airlines that provide airlift services for DHL. As all of you are very aware, last May, DHL announced that they would be transferring all of their air operations to their main competitor, UPS. This will result in the shutdown of ASTAR Air Cargo and the termination of all of our 1,000-plus employees.

This news was absolutely devastating to everyone at ASTAR and for the nearly 9,000 other DHL workers and related business people who would lose their jobs in southern Ohio because of DHL's catastrophic decision. I have firsthand knowledge of looming bankruptcies, potential forced relocations, many, many home losses, and certain massive financial strife for my co-workers at ASTAR.

For myself, this announcement could not have come at a worse time. The prospects of finding a comparable job in the airline industry are abysmal. The airline industry is rapidly contracting, and most of the U.S. airlines are eliminating tens of thousands of positions for pilots, mechanics, and other employees.

Well over 5,000 airline pilot jobs will be lost at major U.S. airlines this year, not including the additional 1,000 pilot jobs lost at ASTAR and ABX. Furthermore, the recent shutdown of nearly a dozen other domestic airlines has added thousands more to the number of airline pilots that are looking for jobs today.

There are, however, foreign airlines that are hiring pilots. A move to one of these airlines would require expensive retraining and require that I move my family and my earnings to some far-away place like Hong Kong or Dubai, which, unbelievably, I am now forced to seriously consider.

I have heard the plans of State and Federal Governments to assist employees with education, training, grants, and benefits. I applaud this news, although I am loathe to have to ask for governmental assistance. Unfortunately, retraining for me and virtually all of the other ASTAR pilots will be mandatory due to the obsolete aircraft that DHL has had us operating for the past 40 years. This training will be expensive.

The primary qualification in the aviation industry is known as the "type rating." A type rating is an FAA certificate granted to a pilot upon completion of a rigorous training regimen in one specific type of aircraft. This training would cost \$25,000 to \$50,000 per rating, depending upon the type of aircraft, and will be impossible to afford for many of us due to this high cost.

When I was asked to testify today, I was also asked to share my feelings about my pending job loss and offer suggestive strategies for recovery from our plight. Quite frankly, I am absolutely furious about the path DHL has chosen. The single aspect that makes me so apoplectic is that DHL has purposefully misled all of us with the obvious sole purpose of creating a global monopoly with their former competitor, UPS.

In June 2007, DHL bought 49 percent of our airline, signed an airlift agreement with ASTAR, which expires in the year 2019. Then, just this past March, DHL was party to and signed off on certain aspects of a 4-year contract between ASTAR and our pilot group represented by the Airline Pilots Association.

This merger with UPS will breach both of these contracts and destroy thousands of subsequent personal and business deals, which were based upon DHL's commitment to fulfill their contractual obligations to us.

Another egregious example of DHL's misrepresentations is their stipulation that the air operations are the root cause of their massive losses, that the financial improvement is contingent upon the transfer of flying to UPS, and that they have no other options. DHL has said that their mandatory goal of saving \$1 billion per year will be achieved only through this arrangement with UPS.

The justification for their failure to consult with the State or to entertain alternative proposals from ASTAR and ABX was based on their judgment that it was unrealistic that any governmental assistance or alternate proposals from their primary vendors could bridge this billion-dollar gap.

It is important to understand that this last claim is untrue. A review of a DHL-supplied fact sheet clearly shows that the bulk of the improvements that will supposedly lead to the \$1 billion savings are network reductions and rationalizations that can be made no matter who DHL uses to supply its lift.

Working with a single air provider, UPS, is only one of many improvements. In reality, the transfer of flying to UPS saves only \$200 million per year, which could easily be achieved if the two carriers were integrated and allowed to upgrade their aging aircraft fleet.

The only possible reason for this incredible subterfuge is a clandestine agreement to create a monopolistic empire with DHL supplying the international market and UPS supplying the domestic market for express parcel delivery. The illegal antitrust aspects of this syndicate are utterly outrageous and obvious even to the untrained eye.

Consequently, I implore you to continue your unwavering support of the truth in this fiasco. Your tireless efforts will uncover the realities that have been so carefully hidden and will save thousands, if not tens of thousands of jobs and, ultimately, the economy of a huge portion of our great State.

I am quite certain that I speak for the more than 10,000 people who are directly impacted by this deal when I say thank you from the bottom of our hearts for your determined stand in this fight. The incredible magnitude of assistance and attention you, Senator Brown, have given to us is recognized by everyone and dismissed by none.

Thank you.

[The prepared statement of Mr. Mead follows:]

#### PREPARED STATEMENT OF DUDLEY MEAD

Good afternoon. It is an honor to appear before this committee today. I would like to begin by saying "thank you" to Senator Brown for holding this important hearing and to Governor Strickland and Mayor McLin for their valuable attention and support.

My name is Dudley Mead. I was born, raised and currently live here in Dayton. I have been a professional pilot for nearly 30 years. My father, also a Daytonian, was a Colonel in the U.S. Air Force who continued to fly as a private pilot after retiring from military service. My mother and three of my five siblings are also licensed pilots. I am quite proud of the rich aviation heritage I have inherited from my family, from my hometown of Dayton, and from the State of Ohio.

A longer version of my statement will be entered into the record. I'd like to simply summarize for you, and answer any questions you might have.

I am currently employed as an airline pilot by ASTAR Air Cargo in Wilmington, OH. ASTAR is one of the two Ohio-based airlines that provide airlift services to DHL Worldwide Express.

As all of you are very aware, last May DHL announced that they would be transferring ALL of their air operations to their main competitor, UPS. The president of ASTAR, John Dasburg, announced to his employees that upon the termination of our contract with DHL, he would be forced to shut down our airline and lay off all of ASTAR's 1,000-plus employees.

This news was absolutely devastating for all ASTAR employees and for the nearly 9,000 other DHL workers and related business people who would lose their jobs in southern Ohio because of DHL's catastrophic decision.

For myself, this announcement could not have been made at a worse time. The prospects of finding a comparable job in the airline industry are abysmal. The airline industry is rapidly contracting and most U.S. airlines are eliminating tens of thousands of positions for pilots, mechanics and other employees.

A recent survey of the six "legacy" airlines in the United States shows furloughs or planned furloughs of nearly 4,300 pilots this year. Of the 20 "national" U.S. airlines only two, Southwest and Virgin, plan to hire and half of the remaining 18 plan furloughs for a net loss of over a thousand jobs in this group as well. This totals well over 5,000 jobs lost at legacy and national airlines this year not including the additional 1,000 pilot jobs lost at ASTAR and ABX.

Additionally, the recent failures of several airlines including the cargo carriers Gemini and Kitty Hawk, and the passenger carriers American Trans Air, Aloha, Skybus, Maxjet and Eos have added several thousand more to the number of airline pilots that are also looking for jobs.

Exacerbating this pilot surplus is the recent change to the mandatory retirement age for pilots from age 60 to 65, which has slowed or completely stopped pilot retirements for the next 5 years. Airlines do not need to hire new pilots to replace those who previously would have been retiring.

The proposed merger between UPS and DHL will certainly not create jobs for ASTAR pilots at UPS, either. On July 10, UPS spokesman Norman Black told the Atlanta Journal Constitution that UPS has no plans to hire DHL pilots that lose their jobs. This statement is consistent with UPS' past actions.

When UPS acquired Menlo Worldwide (the successor of Emery Worldwide from Dayton) they eliminated all 1,400 jobs at the Dayton International Airport and did not hire any of the Emery pilots. When UPS acquired Challenge Air Cargo, they failed to transfer any of the jobs from that transaction, as well.

There are airlines that are hiring pilots overseas, however. A move to one of these airlines would require expensive retraining and require that I move my family—and my earnings—to some far away place like Hong Kong or Dubai which, unbelievably, I am actually considering.

Even if the domestic airline industry were to improve and begin hiring large numbers of pilots, those of us who are losing our careers would have to start over in an entry-level position. For example, even though I am a pilot with over 12 years of seniority, I would have to start over as a first year pilot with first year status and pay at another airline. Starting over will be very difficult and, indeed, may not be possible for many of our pilots who's average age is 49 years old.

Other than Southwest Airlines, which plans to hire only 100 or 200 additional pilots this year, none of the handful of other airlines in the United States offer salaries that come close to matching those of the Legacy carriers, or the cargo carriers, ASTAR, ABX, Fedex and UPS.

Were I able to get hired despite these difficult circumstances, first year pay would start at around \$21 an hour—which represents an 85 percent pay cut for me—and I would not regain my current salary level for at least 10 years if at all.

I have heard of the plans of the State and Federal Governments to assist employees with education and training grants and benefits. I applaud this news, although I am loath to have to ask for governmental assistance.

Unfortunately, retraining for me and virtually all of the other ASTAR pilots will be mandatory due to the fact that DHL never upgraded our fleet to more modern aircraft. The airliners at ASTAR have an average age of around 30 years and are not operated by virtually any other airline in the United States.

The training required to allow ASTAR pilots to be competitive in this job market will be expensive. The primary qualification in the aviation industry is the "Type Rating." A Type Rating is an FAA certificate granted to a pilot upon completion of a rigorous training regimen in one specific type of aircraft. This training would cost

\$25,000 to \$50,000 per rating depending upon the type of aircraft and will be impossible to afford for many of us due to this high cost.

When I was asked to testify today, I was also asked to share my feelings about my pending job loss. To put it succinctly: I AM ABSOLUTELY FURIOUS!

The thing that makes me so apoplectic is that DHL has purposefully misled their employees, their vendors, the affected communities, the worldwide media, and our government all in the interest of creating a global monopoly with UPS.

In my testimony submitted for the record, I cite some of the more egregious examples of DHL's misrepresentations.

A fact sheet distributed by DHL representatives at recent congressional hearings, cross-checked with the public records of the costs of doing business with ASTAR and ABX, clearly show that the air operations are absolutely NOT the cause of the massive losses DHL purports to have incurred in the United States. Nor are the air operations at UPS going to offer the \$1 billion savings that DHL claims.

DHL has said that their mandatory goal of saving \$1 billion will be achieved only through its arrangement with UPS. The justification of their failure to consult with the State, or to entertain alternative proposals was based on their judgment that it was unrealistic that any assistance by the State or proposals from ASTAR or ABX could bridge this billion dollar gap. It is important to understand that this last claim is untrue.

The air operation costs to DHL from the ASTAR and ABX AXMI agreements annually run approximately \$550 million and \$650 million, respectively (including fuel costs), for a total of \$1.2 billion. With an advertised cost of \$1 billion to have UPS fly DHL freight, it is clear that the transfer of the air ops will, at best, save \$200 million—a cost which could be easily recouped either by the merger of ASTAR and ABX, the renegotiation of the ASTAR and ABX contracts, the introduction of more modern and fuel efficient aircraft, or a host of other aggressive cost cutting measures.

A review of the DHL supplied fact sheet clearly shows that the bulk of the improvements that will supposedly lead to the \$1 billion savings are network reductions and rationalizations which can be made no matter who DHL uses to supply lift. Working with a single air provider—UPS—is only one of many improvements. Nevertheless, DHL has given the impression that the entire financial improvement is contingent on this transfer of flying. In reality, the transfer of flying to UPS saves only \$200 million per year.

However, you will also note that DHL absorbs \$2 billion in one-time implementation costs. Therefore, over the course of the 10-year proposed block space agreement DHL saves \$2 billion, but spends \$2 billion in one time implementation costs. Even these savings are illusory because they have experienced a dramatic loss in volume and revenue simply as a result of announcing the deal.

The most basic point, though, is that neither the State nor the incumbent vendors have to bridge a billion dollar a year gap in order to compete; they simply have to save \$200 million, a more than realistic figure, especially if the two carriers are integrated.

I believe this perspective is important because DHL's primary defense is that it cannot continue to sustain the losses it is experiencing. No one can argue with this, but the fact is that the transfer of flying does nothing to stem the losses.

I believe that this information is the "smoking gun" which clearly shows the construction of a false foundation upon which DHL has built their argument for the elimination of their entire U.S. air operation and the resulting devastation of Wilmington, OH and the economy of southwest Ohio.

The only possible reason for this incredible subterfuge is a clandestine agreement to create a monopolistic empire with DHL supplying the international market for express parcel delivery and UPS operating the domestic U.S. market. The illegal antitrust aspects of this syndicate are utterly outrageous and obvious.

I implore you to continue your unwavering pursuit of the truth in this fiasco. Your tireless efforts will uncover the realities that have been so carefully hidden and will save thousands of jobs and, ultimately, the economy of a huge portion of our great State.

I am quite certain that I speak for the more than 10,000 people who are impacted by this deal when I say "Thank You" from the bottom of our hearts for your determined stand in this fight. The incredible magnitude of assistance and attention you have given to us is recognized by everyone and dismissed by none.

Thank you.

Senator BROWN. Thank you very much, Mr. Mead.

Ms. Richardson, do you prefer Richardson Gipson or just Richardson?



Ms. RICHARDSON. Just Richardson.  
 Senator BROWN. Richardson, OK. Thanks for joining us.

**STATEMENT OF TIFFANI RICHARDSON, WORKER, DAYTON, OH**

Ms. RICHARDSON. Thank you. Thank you, Senator Brown, for holding this hearing.

Hello, my name is Tiffani Richardson, and I am a single mother of one daughter, Taylor, who is 12. I graduated from Fairmont High School in 1989. I always wanted to work for General Motors because my family worked there.

I started there in 1990 and did not look back. I thought it was the best job anyone could ever have. I had job security, insurance, strong union, excellent wages, and I could retire from there. Two years ago, I never thought my job security would ever end. Delphi told us that we didn't have a choice, that we would either take the buyout or go down with the company.

I decided to take the buyout. We were told that we were going to get \$140,000. After taxes, we got anywhere from \$80,000 to \$92,000. They didn't tell us that we would owe more than \$10,000 to \$20,000 in taxes because they did not take out enough when they gave us our money. How is that? I think that Delphi should pay my tax bill. How can I pay my tax bill when I have no money?

Then Delphi told us that we could file for unemployment. This was a lie. Delphi told them that our buyout money was our salary for 3 years. That is not true. I worked for Delphi for 16 years and I am not eligible for unemployment benefits for 3 years? If I get laid off from a job before April 2009 when unemployment says that I am eligible, what am I to do?

Then I decided to go back to school because Delphi told us they would pay. Not true. They would pay only if we were getting another trade, either HVAC or in the medical industry. The Career Transition Center is no help either. The only thing that I wanted to do was just to get back in the workplace. That is all they wanted to do, which was just supplement us and put us back in to what we knew best.

I stopped going and decided to do everything on my own. Someone told me about the Dayton Urban League being a good place to look for a job. I talked to a lady named Ms. Theresa Lane, who is an outstanding job developer and helped me get into the program I applied for. I decided to intern with Americorps. I give 1,700 hours of service for 1 year. The reason I decided to do all of this is to get an educational award for school for \$4,700.

I only make \$6.15 an hour. I am currently on welfare. I receive food stamps, medical, and cash benefits. How do you go from making \$25 an hour down to \$6.15? You do the math.

Right now, I am attending University of Phoenix Online. I am getting my bachelors of science in communications. I will graduate next year in December 2009. Right now, my grade point average is 3.0.

My life has changed so much. I had to pull my daughter out of private school and send her to public school. It is a struggle for me to put gas in my truck every week. Sometimes I ride the bus just because I have no gas. I don't know the last time I bought myself

something that I needed. I just try to pay my mortgage, electric, gas, car note, and insurance. And after all that, I have nothing left.

What activities can I do with my daughter? Nothing. I don't know when is the last time my daughter and I had a family outing. Either I have no gas or I have no money. It is very stressful having to tell your child that you can't do something because you have no money.

I would like to see the Federal Government look into this and try to help us. I would like them to look into our back taxes that we have to pay, unemployment benefits that are owed to us, and schooling that we are eligible for.

Thank you for listening to my story, and I hope my story can help.

Senator BROWN. Thank you very, very much.

Mr. Honeck.

**STATEMENT OF JON HONECK, PH.D., POLICY ANALYST,  
POLICY MATTERS OHIO, COLUMBUS, OH**

Mr. HONECK. First, I want to extend my thanks to Senator Brown and the Senate Committee on Health, Education, Labor, and Pensions for the invitation to speak this afternoon. It is a pleasure to be here to present the views of Policy Matters Ohio on strategies that can help Ohio and other Midwestern States overcome some of their current economic challenges.

No one has all the answers, but there are some realistic actions that we can take now. Federal policy can make a huge difference in helping Midwestern States make the transition to a healthy economy, especially by improving programs to help dislocated workers change occupations and enter new economic sectors.

One of the most important actions we must take is to modernize unemployment insurance for the 21st century to bring more people into the system. Ohio's unemployment insurance system has both structural and financial problems and poor benefit coverage, problems that also occur in other States. The Federal Government should seize this opportunity to offer an historic bargain to the States that would help them with their financial crisis in return for fundamental reforms to eligibility.

The House of Representatives last year approved House bill 3920 which include a port of change that would begin to address the issue. The Senate should approve Senate bill 1871, which further expands upon the House bill.

Poor benefit coverage is due, in part, to eligibility rules that are tailored to full-time, year-round work. But full-time work is no longer the norm for many people. Some people choose to work part-time to balance family and work responsibilities. Others are forced to work part-time as employers limit access to healthcare and other fringe benefits.

This is especially true in the service sector and in transportation, the parts of our economy that are adding jobs. And I should point out that at Wilmington, at the air freight hub, as many as 1,400 part-time workers may be ineligible for benefits when they are laid off, even though they have worked steadily for years.

Another crucial reform to the unemployment insurance system is to extend benefits for workers who are in an approved training pro-

gram. All too often, workers cut short their training experiences or decide not to enter training at all because they must start a job search. This economic reality prevents individuals from reaching their full potential because they could not enter a higher skilled occupation.

States that are leaders in moving large numbers of unemployed workers into training have implemented extended UI benefits on their own, realizing that it is a smart long-term investment in human capital. The Workforce Investment Act program, which is the premier Federal employment and training program for low-income and unemployed adults, is also in need of an overhaul.

The law mandates a sequence of services that allow some local workforce boards to create a series of hoops that delay participants' entry into training. The upshot is that some individuals become discouraged and never make it to training. Congress should scrap the sequence of services in favor of a rapid effective assessment of an individual's needs and labor market prospects.

WIA also needs to become more tightly integrated with the needs of employers, but without giving up its traditional funding streams. The traditional WIA board has not been enough to ensure the involvement of employers in some areas. Sector strategies are the best way to do this, to get the involvement of employers. The SECTORS Act of 2008, which brings together a wide variety of stakeholders to build career ladders, can help put talent pipelines into place. Unemployed workers can then be directed toward these career ladders if they need to change occupations.

Another important Federal program that needs to be modernized is Trade Adjustment Assistance. This is a major program in Ohio. The application process needs to be reformed. Rather than the cumbersome workplace-by-workplace approach, it is time to recognize that in some sectors of the economy, the loss of market share has been so pervasive that a sector-wide certification process should be contemplated, and communities that have been severely impacted by international trade should be eligible for special economic development assistance.

TAA should also be broadened to include workers in the service sector. Large parts of the service sector, including jobs in legal and healthcare fields, now can be moved overseas. TAA program rules should take this into account, and the Federal Government should increase funding for the program commensurately.

Also, the TAA, we just need a better trade policy to stabilize the manufacturing sector. It would be better if people did not lose their jobs in the first place. Public lack of confidence in manufacturing as a career has now become so widespread that it affects the ability of employers to fill available jobs that pay good wages. Workforce development policy alone cannot address this situation.

Some of the programs that also need to be taken into account is the TAA for firms to help employers retool. That is funded at a paltry \$11 million per year for the entire country. The Manufacturing Extension Partnership program, which can help any small manufacturer, has been funded for years at or below \$100 million, and that is not a big amount for the entire country.

Finally, we should seize the opportunity afforded by bipartisan support for a new national energy policy, to merge it with a rejuven-

nated workforce and economic development strategy. Here in Ohio, we have a successful solar panel industry, and we can make many of the components that are needed for wind turbines.

Energy efficiency and green building projects are also becoming more commonplace. Federal policy should ensure that low- and middle-income citizens have the opportunities to enter these growing fields and to move up the career ladder.

In some cases, this might mean a traditional community college experience. In others, it might mean pre-apprenticeship programs that build basic math and literacy skills necessary to succeed in a training program for a skilled trade. Congress should start by funding the Green Jobs Act and its Pathways Out of Poverty program.

Thank you, Senator Brown, and to the committee.

[The prepared statement of Mr. Honeck follows:]

PREPARED STATEMENT OF JON HONECK, PH.D.

Good afternoon Chairman Brown, and members of the Senate Committee on Health, Education, Labor, and Pensions. Thank you for extending the invitation to speak before you this afternoon. It is a pleasure to be here to present the views of Policy Matters Ohio on strategies that can help Ohio and other Midwestern States overcome some of their current economic challenges. Policy Matters Ohio is a non-profit, non-partisan research institute with offices in Cleveland and Columbus that conducts research on workforce development, tax policy, economic strategy, clean energy, and education.

Mr. Chairman, there is no doubt that we come here today at a critical moment. If present trends continue, the first 10 years of the 21st century will be remembered as a "lost decade" in Ohio's economic history. We are one of only two States, the other being Michigan, that have not recovered all of the jobs that we lost during the 2001 recession. In fact, Ohio today has about the same number of jobs that we did in 1997. It is not a coincidence that Ohio and Michigan are in the same boat. They both depend heavily on manufacturing, and we live in an era in which the large parts of the domestic manufacturing industry are undergoing a painful restructuring process. Since 1998, over 4 million U.S. manufacturing jobs have been lost, a reduction of almost one-fourth. Over 278,000 of these job losses occurred in Ohio. It is noteworthy that these losses occurred even as the national economy recovered and grew, albeit at a slower pace than in the 1990s. Federal trade and economic policies have severed the traditional link between national economic growth and rising employment in manufacturing. This link was the key to Ohio's economic prosperity. We need to find a way to restore this connection and stabilize manufacturing, and to become leaders in other economic sectors.

Unfortunately, we have no immediate prospects of restoring Ohio's overall job total even to what it was 8 years ago. On the contrary, economists now acknowledge that the national economy is in a recession, having shed over three-quarters of a million jobs this year. Ohio's economy is floundering as well, having lost 11,900 jobs since December 2007 (on a seasonally adjusted basis). Ohio's unemployment rate now stands at 7.4 percent, which is more than a full percentage point above the national average.

As our national government takes steps to confront the financial crisis, it is time that we redirect investment and ingenuity to boosting the real economy, rather than financial speculation. Long-term prosperity must be built on an internationally competitive economy where people make quality products and provide quality services. We believe that the only way to do this is by restoring the social compact between employers and employees that lets workers share in the productivity gains made by companies. Rather than being reactive as we have in the current crisis, it is time to develop a long-term plan to move forward.

No one has all of the answers, but there are some realistic actions that we can take now. Some of these actions will make it easier to address the current economic crisis, and others will take longer to bear fruit. Federal policy can make a huge difference in helping States like Ohio make the transition to a healthy economy.

One of the important long-term actions we must take is to modernize unemployment insurance for the 21st century. We commend Congress for passing a much-needed extension of unemployment benefits for 13 weeks. With the growth in long-term unemployment, the Senate should act to further extend benefits, as the House

voted to do last week. Beyond that, the agenda must move forward to a more strategic, long-term approach.

Ohio's unemployment insurance system has both structural financial problems and poor benefit coverage, problems that also occur in many other States. The Federal Government should seize this opportunity to make a historic bargain with the States that would offer help with their financial crisis in return for fundamental reforms to eligibility. The House of Representatives last year approved H.B. 3920 which included important changes that would begin to address this issue. The Senate should approve S.B. 1871, which further expands upon the House bill.

Poor benefit coverage is due in part to eligibility rules that are tailored to full-time, year-round work. But two trends in our economy make it less likely that people will be working full-time, when compared to previous generations. First, because wages have been stagnant, many families have sent an additional adult into the workforce who juggles paid work with parenting or caring for elderly relatives. These newer workers—often women—may work less than full-time so that they can better balance their multiple responsibilities. But secondly, many workers are involuntarily part-time because employers—particularly retailers but others as well—have tried to avoid paying benefits by manipulating schedules. So ironically, workers sometimes juggle two part-time jobs, neither of which provide benefits, and work even more hours than one full-time job would require. In the 12 months ending June 30, only 37 percent of jobless U.S. workers were receiving unemployment benefits. This percentage is lower than it was a generation or more ago. In many parts of the economy, full-time work is no longer the norm for many people. This is especially true in the service sector and in transportation, the parts of our economy that are adding jobs.

Ohio's eligibility threshold for unemployment benefits exacerbates this problem. It requires that a person make an average of at least \$206 a week during 20 weeks of the previous year. This means that someone working 20 hours a week at \$10 an hour would not qualify; nor would someone working 29 hours a week at the minimum wage. For this reason, it has been estimated that as many as 1,400 part-time workers at the DHL Wilmington air freight hub will be ineligible for benefits when they are laid off, even though they may have worked steadily for years.<sup>1</sup> The State is seeking Federal aid for many of these workers. But more broadly, Ohio should reduce its earnings requirement. And in the future, Congress should consider steps to ensure that earnings thresholds like Ohio's do not leave workers struggling without unemployment benefits.

Another crucial reform to the unemployment insurance system is to extend benefits for workers who are in an approved training program. Under the Workforce Investment Act (WIA), the Federal Government provides tuition assistance for unemployed workers through local workforce investment boards. All too often, however, workers cut short their training experiences or decide not to enter training at all because they must start a job search. This economic reality prevents individuals from reaching their full potential because they cannot enter higher-skilled occupations that can support a middle class standard of living. States that are leaders in moving large numbers of unemployed workers into training, such as Washington and New Jersey, have implemented extended UI benefits on their own, realizing that it is a smart long-term investment in human capital.

The WIA program, which is the premier Federal employment and training program for low-income and unemployed adults, is also in need of an overhaul. The law mandates a "sequence of services" that allows some local workforce boards to create a series of hoops that delay participants' entry into training. The upshot is that some individuals become discouraged and never make it to training. Congress should scrap the sequence of services in favor of rapid, effective assessment of an individual's needs and labor market prospects.

The WIA system should be reoriented to support long-term training if workers want to pursue this option. In a well-known study of community college students in Washington State, researchers found that 1 year of post-secondary education and a credential were necessary to create a "tipping point" that substantially improved labor market outcomes for low-skilled adult students.<sup>2</sup> This means WIA should pro-

<sup>1</sup>John Nolan, "Part-timers at DHL Wilmington may not qualify for benefits," *Dayton Daily News*, August 20, 2008.

<sup>2</sup>Prince, David and Jenkins, Davis. "Building Pathways to Success for Low-Skill Adult Students; Lessons for Community College Policy and Practice from a Longitudinal Student Tracking Study. (The "Tipping Point" Research.) Washington State Board for Community and Technical Colleges. April 2005. Available at [http://www.sbctc.ctc.edu/docs/data/research-reports/resh\\_06-2-tipping\\_point.pdf](http://www.sbctc.ctc.edu/docs/data/research-reports/resh_06-2-tipping_point.pdf).

vide enough funds for supportive services such as transportation or child care to enable participants to persist in training. It also means revising WIA performance standards to include long-term employment and wage results.

WIA also needs to become more tightly integrated with employers' needs, but without giving up its traditional funding streams. The traditional employer-led WIA board has not been enough to ensure the involvement of employers in some areas. Sector strategies are the best way to do this. The SECTORS Act of 2008, which brings together a wide variety of stakeholders to build career ladders, can help to put talent pipelines into place. Unemployed workers can then be directed toward these career ladders if they need to change occupations.

Providing income support for workers in training would give all unemployed workers an opportunity to access a benefit that is already available to participants in the Trade Adjustment Assistance (TAA) program. TAA participants also have access to a Federal health care tax credit, so unemployed workers generally prefer to go this route if they intend to enter training. Thousands of Ohio workers have entered the TAA program in recent years. Ohio is one of the leading States for TAA activity. Since January 2001, the U.S. Department of Labor has certified 68,094 workers at Ohio companies as eligible to apply for TAA because they have lost their jobs due to international trade. This number includes 9,703 workers in 2007, and 7,296 from January through August 2008.

There is widespread acknowledgement that the TAA program does not cover all of the affected workers in manufacturing. Supplier certifications do not go past the first tier of affected companies, and workers in many smaller workplaces lack awareness of the program. Moreover, restricting the program to the manufacturing sector no longer makes sense. Large parts of the service sector, including jobs in legal and health care fields, now can be moved overseas with a speed that was unthinkable a generation ago. TAA program rules must take this into account and allow workers in the service sector to become eligible for benefits. The Federal Government should increase funding for the program commensurately.

The TAA application process should also be reformed. Rather than the cumbersome workplace-by-workplace approach, it is time to recognize that in some sectors of the economy the loss of market share has been so pervasive that a sector-wide certification process should be contemplated, and communities that have been severely impacted by international trade should be eligible for special economic development assistance.

Of course, workers would be better off if they kept their jobs and did not have to use the TAA program. A better trade policy would help to stabilize the manufacturing sector. Public confidence in manufacturing as a career has now become so widespread that it affects the ability of employers to fill available jobs that pay good wages and benefits. Workforce development policy alone cannot address this situation.

As we develop strategies to make our economy more competitive, it is readily apparent that the Federal Government has under-invested in key programs to help our manufacturing base, even as manufacturing has struggled in recent decades. The other side of the TAA program, TAA for firms, is funded at a paltry \$11 million per year. The Manufacturing Extension Partnership program, which can help any small manufacturer, has been funded for years at or below \$100 million annually. These programs are important, especially for small companies that lack the time or expertise to effectively modernize their facilities or undertake extensive market research to launch a new product. Textbook economic models often assume that most companies are making optimal use of new technologies and the latest management techniques. In reality, there are variations in productivity levels among firms, creating a wide gap between best practice and reality. Many firms can make substantial improvements to their performance by adopting best practices, and without making enormous investments in capital equipment.

Finally, we should seize the opportunity afforded by bi-partisan support for a new national energy policy to merge it with a rejuvenated workforce and economic development strategy. Here in Ohio, we have a successful solar panel industry and we can make many of the components that are needed for wind turbines. Energy efficiency and green building projects are also becoming more commonplace. Federal policy should ensure that low- and middle-income citizens have the opportunities to enter these growing fields, and to move up the career ladder. In some cases this might mean a traditional community college experience, in others it might mean "pre-apprenticeship" programs that build basic math and literacy skills necessary to succeed in a training program for a skilled trade. Congress should start by funding the Green Jobs Act and its Pathways out of Poverty Program.

Thank you, Mr. Chairman and members of the committee for the opportunity to testify today. I would be pleased to answer any questions that you may have.

Senator BROWN. Thank you very much, Mr. Honeck.  
Ms. Edwards.

**STATEMENT OF STACIA EDWARDS, DIRECTOR, REGIONAL  
WORKFORCE TRANSFORMATION CONSORTIUM, SINCLAIR  
COMMUNITY COLLEGE, DAYTON, OH**

Ms. EDWARDS. Thank you, Senator Brown, for inviting me to testify this afternoon. And on behalf of the Regional Workforce Transformation Consortium and Sinclair Community College, I would like to thank you personally for your deep commitment to the future prosperity of the region.

The Dayton region has a window of opportunity to effect workforce transformation within the next 3 years if we can identify a strategy and lay the foundations necessary to meet both the needs of the employers and the skills of the employees. The region has seen significant disruptive changes that are impacting both employers and workers in the Dayton region.

Downsizing and plant closures have left many workers unemployed with few resources dedicated to assisting their transition into new industry sectors with similar skill set requirements. At the same time, the Base Realignment and Closure, BRAC, process will create highly skilled job opportunities by 2011, but currently, the region does not have the talent pool of experience required to fulfill every key position.

A 2006 job vacancy study identified a short-term demand for employees with more advanced skills that are needed within existing businesses as they strive to remain competitive and grow. The study revealed more than 21,000 job vacancies. However, the skill sets needed for the majority of these positions disqualified most, if not all, of the 26,000 unemployed at the time.

This skills gap between the workforce needs of employers and the available workforce revealed the root problem the region must solve in order to recover from the disruptive changes on the horizon as a result of downsizing, BRAC, and current demand. Today, I would like to provide high-level details on the actions that have already been taken, a strategic plan for future implementation, and recommendations as to how the Federal Government could support the region as it goes through the transformation.

There has been a consolidation of interests and of capabilities between the academic, public, and industry sectors through the development of the Regional Workforce Transformation Consortium. Simply stated, the mission of this organization is to develop capabilities that allow for the affected redeployment, revitalization, and rebuilding of workforce on both the supply and demand side.

This organization mirrors the partnerships described in the Strengthening Employment Clusters to Organize Regional Success, SECTORS Act of 2008 authored by you. The initiatives can guide the effective use of individual group funds for a collectively agreed-upon goal. This results in the consortium's ability to leverage investments rather than operating in an environment of isolation and competition.

The Regional Transformative Workforce Response is based on a series of strategies applied over time to deal with the trauma created by disruptive changes and is based on a model applied in the

case of disaster recovery. Acknowledging that there are a number of stages necessary to achieve the ultimate re-establishment of prosperity or activity that existed prior to the disaster is the focus of this model.

The five stages—respond, recover, restore, rebuild, and redevelop—are used as a framework for redefining specific workforce outcomes, actions, and recommendations that relate to the short- and long-term.

Our first stage is to respond. Within the first 6 weeks, the strategy must focus on the ability to align displaced workers with existing demand within the region's businesses. Funding is needed in transition centers to provide tools that can assess workforce skills at the individual level and translate these skills into existing employer demand.

The second stage is to recover. This is a 6-month outlook and requires every effort to bolster the capacity of the existing business and industry infrastructure to absorb displaced workers. Subsidizing education and training, including soft skills management and supervisory skills, of incumbent lower-skilled workers in an effort to prepare them for higher-skilled, high-wage jobs that meet the need of the employers would also create vacancies in entry-level positions for workers with appropriate skills.

Our focus for this strategy would be to fund the target sectors of the regional economy, thus focusing dollars within infrastructures that can best provide for employment in the long-term. These short-term strategies could be funded with Federal dollars that are already allocated to deal with the dislocation events in unemployment.

The workforce consortium believes that the region will continue to experience difficulty accessing Federal funds in place to support dislocated workers because those funds are shrinking, highly competitive, and planning grants narrowly define what regions are permitted to do with the funds.

The third stage is to restore. Within 1 year, programs and efforts focused on the long-term realignment of skills to the workforce development priorities of the region must be well established. Reskilling and continuous learning programs, such as those modeled in the Ohio Skills Bank, broaden the capacity of workers to take on jobs within new businesses.

Systemically, the development of such programs depends on a clear understanding of the regional educational and training assets, a dynamic knowledge of the key demand areas within the region, and funding to maintain, improve, staff, and execute these efforts.

The fourth stage is rebuilding. This is a longer-range strategy that will impact the region within the next 3 years. These rescaling programs broaden the capacity of workers to take on jobs within new businesses and industries, again addressing the need for high-skilled workers.

Within the Dayton region, it is our view that long-term stability requires the development of small- and medium-sized businesses in the targeted industries. Subsidies within targeted industries will be needed to continue engagement with employers, to foster on-the-job training opportunities as the norm rather than the exception.



The final stage, redevelopment, looks beyond the next 3 years. The long-term prospects for prosperity within the Dayton region will depend on the development of an infrastructure that is adaptive to the increasing rate of change within the global economy and the ability to capitalize on natural advantages in the region, including the low cost-of-living, a stable supply of water and power, a hub of research and development activity and expertise in the Wright-Patterson Air Force Base, and the existence of a strong education system.

These five stages are the framework for regional stability. If executed correctly, employment pathways will provide both a near and longer-term view to employer demand at the occupational level and will provide a lattice of opportunities that could lead to multiple strategic industries.

A focus on the individual's transferable skills provides the region with the opportunity to manage a system that allows for fluid movement from one industry to another based on the regional demand. The Dayton region looks forward to working with our Government representatives as we implement the strategy for recovery.

I look forward to your questions.

[The prepared statement of Ms. Edwards follows:]

PREPARED STATEMENT OF STACIA EDWARDS

Thank you Senator Brown for inviting me to testify this afternoon on the "Midwest Jobs Picture: Strategies to Rebuild Communities." On behalf of the Regional Workforce Transformation Consortium I would like to thank you personally—Senator Brown—for your deep commitment to the future prosperity of this region.

The Dayton Region has a window of opportunity to effect workforce transformation within the next 3 years if we can identify a strategy and lay the foundations necessary to meet both the needs of the employers and the skills of the employees. The region has seen significant disruptive changes that are impacting both employers and workers in the Dayton region. Downsizing and plant closures have left many workers unemployed with few resources dedicated to assisting their transition into new industry sectors with similar skill set requirements. At the same time, the Base Realignment and Closure (BRAC) process will create highly skilled job opportunities by 2011, but currently the region does not have the talent pool of experience required to fill every key position.

A 2006 job vacancy study commissioned by Montgomery County also identified a short-term demand for employees with more advanced skills that are needed within existing businesses as they strive to remain competitive and grow. The study revealed more than 21,000 job vacancies; however, the skill sets needed for the majority of these positions disqualified most, if not all, of the 26,000 unemployed at the time. This "skills gap" between the workforce-needs of employers and the available workforce revealed the root problem the region must solve in order to recover from the disruptive changes on the horizon as a result of downsizing, BRAC and current demand.

Today, I would like to provide high level details on the actions that have already been taken, a strategic plan for future implementation, and recommendations as to how the Federal Government could support the region as it goes through this transformation.

In the fall of 2007 a sector strategy was launched by Montgomery County. This sector approach to workforce development for the Dayton region is organized into three parts—strategic industries, core industries, and infrastructure industries—each of these three industry areas have unique workforce needs. A summary highlighting workforce demand in each industry area along with a full report is attached in Appendix A.

**[Editor's Note: Due to the high cost of printing, previously printed material is not reprinted. To view the above referenced report, please go to [http://mcoho.org/Montgomery/home/docs/Workforce\\_Strategy\\_May62008.pdf](http://mcoho.org/Montgomery/home/docs/Workforce_Strategy_May62008.pdf).]**

There has also been a consolidation of interest and of capabilities between the academic, public, and industry sectors through the development of the **Regional Workforce Transformation Consortium**. A detailed description can be found in Appendix B, but simply stated, the mission of this organization is to develop capabilities that allow for the affected redeployment, revitalization and rebuilding of workforce on both the supply and demand side. The consortium provides a collaborative environment where strategic initiatives can guide the effective use of individual group funds for a collectively agreed-upon goal, this results in the entire group's ability to leverage investments rather than operating in an environment of competition. Additionally the Ohio Skills Bank initiative has been leveraged as part of the region's strategic framework.

Now that the framework and network has been developed through the Consortium, the strategic plan for regional workforce transformation is being developed based on a disaster recovery model. This model for recovery recognizes that there are a number of stages necessary to achieve the ultimate re-establishment of prosperity or activity that existed prior to the disaster, and is the short-term solution. The five stages: respond, recover, restore, rebuild, and redevelop, are used as a framework for defining specific workforce outcomes, actions, and recommendations.

Our first stage is to respond. Within the first 6 weeks, the strategy must focus on the ability to align displaced workers with existing demand within the region's businesses. Funding is needed in transition centers to provide tools that can assess workforce skills at the individual level and translate these skills into existing employer demand.

The second stage is to recover. This is a 6-month outlook, and requires every effort to bolster the capacity of the existing business and industry infrastructure to absorb displaced workers. The 2006 job vacancy study identified a significant number of openings within existing industries that require high skills and provide a high wage. This issue might be alleviated by subsidizing education and training, including soft skills, management and supervisory skills, of incumbent lower skilled workers in an effort to prepare them for higher skilled, high wage jobs that meet the need of the employers. This strategy would also create vacancies in entry level positions for workers with appropriate skills. Our focus for this strategy would be to fund the target sectors of the regional economy. In this way dollars are focused within infrastructures that can best provide for employment in the long-term.

These short-term strategies could be funded with Federal dollars that are already allocated to deal with the dislocation events and unemployment. Some of the local, longer term issues facing dislocated workers, however, link directly to the difficulty accessing and qualifying for the Federal funds that are already in place to support obtaining the skills needed by employers.

The third stage is to restore. Within 1 year, programs and efforts focused on the long-term realignment of skills to the workforce development priorities of the region must be well-established. These programs broaden the capacity of workers to take on jobs within new businesses. However the development of such programs depends on a clear understanding of the regional education and training assets, a dynamic knowledge of the key demand areas within the region, and funding to maintain and improve these efforts.

The fourth stage is rebuilding. This is a longer range strategy that will impact the region within the next 3 years. Within the Dayton region it is our view that long-term stability requires the development of small- and medium-size businesses in the targeted industries that tie closely with the mission of the Wright Patterson Air Force Base. Education remains a significant factor in this stage. Creating and sustaining a high-skilled workforce that meets the ever-changing demands of existing employers requires that employees are constantly presented with options to increase their skills so that continuous learning is the norm rather than the exception in business and industry.

The final stage, re-development looks beyond the next 3 years. The long-term prospects for prosperity within the Dayton region will depend on the development of an infrastructure that is adaptive to the increasing rate of change within the global economy and the ability to capitalize on natural advantages in the region—including the low cost-of-living, a stable supply of water and power, a hub of research and development activity and expertise in the Wright Patterson Air Force Base and the existence of a strong education system.

These five stages are the framework for regional stability. If executed correctly, employment pathways will provide both a near and longer term view to employer demand at the occupational level, and will provide a lattice of opportunities that could lead to multiple strategic industries. A focus on the individual's transferrable skills provides the region with the opportunity to manage a system that allows for fluid movement from one industry to another based on the regional demand.

Senator BROWN. Thank you, Ms. Edwards, very much.

Thank you all.

A couple of introductions. Commissioner Foley, thank you for joining us. Tom Raga, thank you for joining us, he is the former State Representative and now works at Sinclair Community College.

Thank you for joining us.

Mike Wiehe is here from Congressman Turner's office. Welcome to him. Brewster Rhodes from the governor's office is here with us, also. He runs this region for the governor. So thank you for joining us.

Mayor McLin, one of the beauties, perhaps, of our political system is that regardless of which party is in control of the Government, every 4 or 8 years, we start again with a new Administration. And we will, with either Senator McCain or Senator Obama, start again in January. That means new people at the Labor Department, new people—new decisions on TAA and some other issues.

A couple of questions I want to ask you. First, about the Labor Department. What has your experience been in working with the Labor Department on plant closures, on rapid response? We have some of those same issues, Mr. Mead, obviously, with what is happening—what might happen with the Labor Department if the news doesn't get better at DHL.

But I wanted to ask the mayor what has your experience been, and what recommendations do you have for improvement that, come January—and a big part of this hearing is come January—I want to take issues to the new Labor Department and figure some new things out.

Ms. McLIN. I would say that the biggest difficulty you have is getting the correct message. Many times you are told one thing, people are told another, trying to get the correct message. So, therefore, you would know where to move to the next level.

The second thing is that it is not clear when the problems come down on whether we fit in there or we don't, and if you don't ask the questions, you can't get the answer. So it is more of a probing on our part to get the responses that we need in assisting.

Sometimes the people call our offices because they are so frustrated with going through the process that has been established. One of the things that we found out, even with being able to apply—and I cannot recall the correct term when your job has been displaced because of out of State, out of the country contracts—

Senator BROWN. Trade Adjustment Assistance.

Ms. McLin [continuing]. Then you could do that. It took a long time to even get that in process for people who were impacted to be able to apply.

What we would like to see that would help, even from the local government on up, is that if, when we are talking with the Federal Government, they would give us one message.

Senator BROWN. When you deal with something like a rapid response team there, is it not just different messages, but different people? Because one of the things we have tried to do with DHL is to have one person in the Administration we can go to, one person at the Labor Department, so that all roads run through that

person. Should that be part of the strategy for a plant closing, any plant closing, any sort of distress in the community?

Ms. McLIN. I believe that is the best method because I think that has been very helpful to you, Mayor, because by the time that we got to the DHL, we had experimented with the General Motors, with the Delphi, and all of that. And so, they were able to benefit with the criticisms that had come from the General Motors and the Delphi plants closing to be able to benefit the mayor from Wilmington. So I think that would be a part of customer service.

Senator BROWN. I appreciate in your testimony your historical view of what Federal programs initially aimed at cities have sort of bled into inner-ring suburbs, outer-ring suburbs, small towns, sort of everywhere, which each has its own set of problems, of course. I grew up in a city of 50,000 surrounded by small towns and rural areas, and that is a different set of problems than the city of Dayton. But the mission was sort of lost, as you suggest.

I hope we would look to a new Administration, in a new Congress, and be more focused, first, on the manufacturing agenda and second, on an urban agenda. There will be a lot of overlap, but they are two very different things.

Do you have examples that you can either give me now or give me later on what kinds of things should be unique to cities? I mean, I know CDBG moneys are really, really, really important for Dayton. They are also important for Wilmington. They are also important for Springfield and Xenia. But are there some unique programs we should be thinking about that are programs that are uniquely urban strategy?

Ms. McLIN. Well, let us just take the CDBG money. That formula needs to be reworked to really help the distressed areas because, what we have found in the city of Dayton, that because we have approached it from a very aggressive manner, we get penalized for doing good. So the formula really is a problem.

I'll give you an example like the housing bill that just came down, which we really thought that the city of Dayton was going to benefit from. Well, we only got \$5 million, and we are a distressed city. Cleveland got \$11 million. It is a distressed city. But Youngstown only got \$3 million, and we know that is a distressed city. Toledo got \$12 million and Columbus got \$22 million.

In the formula that was calculated—now we are talking about directly to the cities.

Senator BROWN. This is the recent, the \$240 million, \$260 million coming—let me, just for people's information.

One of the things that I am on in the Senate Banking Committee, and housing is part of that committee's jurisdiction. And we wrote in part—this wasn't the most recent legislation. This was from months ago. We were able to get a significant amount of money, close to \$4 billion, for communities that had significant foreclosure problems, as almost everywhere does. But it is based on the severity of the problem in the community.

We wrote it in a way that Ohio gets significantly more than the national average per capita, but based on severity of problems. The money coming to Ohio is \$260 million. I think you are going to get significantly more than that.

Ms. MCLIN. We have to apply to the State, and the State is in the process of working out their formula. But the city itself—

Senator BROWN. OK, the formula is going to work in a way that does much better for this city. Talk to me if it doesn't. I mean, talk to me either way about it. But it is certainly supposed to be—

Ms. MCLIN. Well, we have been in touch with the governor's office, saying that we really need the help because, this year alone, we are tearing down 300 homes.

Senator BROWN. Cost of \$9,000 to \$10,000 each—\$9,000, \$10,000, \$11,000 each?

Ms. MCLIN. It depends, it is averaging around \$5,000 to \$7,500 per, but if we are talking about apartment buildings or any other distressed structure, on a larger number, that is higher, which causes us to have problem here.

If we can take our neighbor's house and the house next to it as a nuisance, and we tear it down. If we can even offer—we have a program we call "Lots Linked" —to that person to be able to purchase that lot through the REIT program, and then that increases the value of their home and we have also taken a nuisance out of the neighborhood, which improves it.

But that is one of those things that when the formulas are being—just giving you an example, that is why I used the housing legislation that was—coming with the formulas and with the CDBG money, we get penalized when we do a good job.

Senator BROWN. Yes, I think in the end you won't on this, but I understand the issue, and sometimes you are. Are you using any significant or do you expect to use any significant amount of the CDBG money to rehab homes? Or just the ones that are the worst, or with the limited amount of money you need to knock down the worst ones to preserve the neighborhood?

Ms. MCLIN. We want to use the money to not only knock down, rehab those that are—would be beneficial and because we even—that would be good that we can do that. We also have talked to your department about even coming up, as we talk about land banking with these projects. I am going way off now. But talking about land banking on these projects is that using the Farm bill that came down, to use that for some urban farming or some other creative things that we can do with the land that we have.

I have Commissioner Whaley, who had been heading up our land banking initiative, which is going to end up having to be a regional project for it to be effective.

Senator BROWN. The county treasurer in Cleveland who is very interested in that, as you know. The governor is increasingly interested in the legislation. And there seems to be some potential real agreement on the State level on that. So we will work with you on that.

Thank you, Mayor.

Mr. Mead, I just want to talk to you about DHL, and I am sure you are angrier than I. I am plenty angry about it, and you are probably angrier about it in that it affects you so directly.

Give me your opinion on how DHL took a company that was profitable, Airborne, in 4, 4½ years, turned it to the losses of this magnitude when they had State assistance when they bought Airborne? Are those numbers true? And how did this happen?

Mr. MEAD. Well, I think DHL's customer base before they bought Airborne Express was a completely different customer base than what Airborne Express had before the merger. Airborne serviced sort of a low-cost, high-volume market, and DHL's was more of a low volume, high cost. DHL concentrated on international deliveries from key cities in the United States—Los Angeles, San Francisco, and New York—the larger cities, really supplying the international market solely.

And when they merged with Airborne Express, they tried to integrate two systems that just simply didn't work. They tried to assume the customer base of Airborne Express, and they tried to, I think, impose the cost structure of the international market on that. And so, they lost a lot of business with that.

The merging of the two systems, the two sort systems down in Wilmington, was also a bit of a disaster. Airborne Express' freight system, the physical containers they use to move the freight around, are vast different than any other freight system in the country. And they couldn't integrate those two systems to where the freight was interchangeable between the aircraft from the company that I work for, ASTAR, or the company that was there originally, the Airborne Express, which is now ABX.

So they lost a lot of economy of scale by failing on that merger. They still, to this day, operate two different sort systems down there, which is going to double the cost of what they do.

Furthermore, DHL abandoned, as you know, their brand-new sort facility in Cincinnati, which cost them \$315 million. I think they were there for just about a year before they left it and moved to Wilmington.

So DHL is no stranger to losing money. And I think that the United States, before the merger or the combination of Airborne Express and DHL, DHL realized a small loss in the United States, which they used as a loss leader to supplement their global delivery system. When they assumed the Airborne Express portion, they increased that loss exponentially.

Senator BROWN. Why do you think that Deutsche Post and DHL will not even really listen to an offer from ABX and ASTAR?

Mr. MEAD. Well, as I said in my testimony—I hope I wasn't too over the top—I firmly believe that they have a global vision of joining forces and having UPS service the domestic market and DHL service the international market. I think that is their ultimate goal. Now, whether or not that passes antitrust scrutiny or not remains to be seen.

Senator BROWN. Only one competitor?

Mr. MEAD. Yes. Well, I am sure there are ways around it. I am sure they have got lawyers working on this full-time. I assume what they eventually want to have happen is DHL's market share will shrink in the United States to the point where they go ahead and pull out, and DHL just operates the international market. And DHL and UPS feed each other across the Atlantic Ocean.

Senator BROWN. Is that the best case to make for antitrust violation?

Mr. MEAD. Well, I don't know if that would pass antitrust scrutiny. I am not a lawyer. I don't really know. But my feeling is it is clear that the air operation is not the problem. DHL's own

records indicate that the cost of ASTAR Air Cargo and the cost of Airborne Express combined is only about \$1.2 billion. Well, if they pay \$1 billion to UPS to fly the freight, they are only saving \$200 million a year.

Now, in order to effect this changeover, DHL has announced that it will cost them up to \$2 billion just to do the changeover. So, in effect, in 1 year, they are incurring the costs that they would have lost over 10 years by operating ASTAR and ABX together.

Were they to allow Airborne Express, or ABX now, and ASTAR to merge, were they to re-fleet the airlines, were they to transfer the sort system back to the Cincinnati hub, which they still own and is a state-of-the-art system, they could transfer thousands of jobs from the Wilmington area down there, which is actually what happened when DHL was operating the Cincinnati hub. We bussed people in from as far away as Dayton to operate the sort system at the Cincinnati airport, which is in northern Kentucky.

And so, there are a number of ways that DHL could mitigate that loss. But the bulk of the improvements that they are going to realize through this restructuring are through things other than the air operations.

Senator BROWN. Is it safe to say that most of your co-workers at DHL and ASTAR and ABX think that this is all about a merger?

Mr. MEAD. Yes, no one can see any other reason—the decision came so far out of left field that it surprised everyone, including most of the management of ASTAR Air Cargo. The management thought—they were being very tight-lipped about it, but they thought that DHL had purchased some 767s. Well, they did purchase some 767s, which have yet to be delivered.

ASTAR Air Cargo and ABX were vying for those aircraft. As it turns out, three of them are going to Europe, and we still don't know where the other three are going. But at the time, we thought they were going to come to one of the two airlines that were based in Wilmington. Until May 28, I think, I know some of the management of our company really thought that that was going to happen.

It was such an outrageous announcement that no one could come to any other conclusion. They obviously lose a lot of money in the sort facility down there, and they lose a lot of money through other inefficiencies. A specific example of that would be the fact that they operate extremely old aircraft.

All of our aircraft at ASTAR Air Cargo are three-man aircraft. We have a captain, a co-pilot, and a flight engineer. Most modern airliners have two crew, the captain and the co-pilot. They have eliminated the flight engineer. They use computers and move most of the systems functions up to the front so that the pilots can operate them. So you would save money by operating two-pilot aircraft.

In addition, most modern airliners are two-engine aircraft. Only a few, only a small handful of ASTAR's aircraft have two engines. The 727s have three engines. The DC-8 that I fly has four engines. So by going with more efficient aircraft, you would save a tremendous amount of money.

Well, DHL never invested in our company. They never suggested that our owner invest in the company and try and upgrade our fleet to a more modern fleet that would obviously save a lot of gas as well. So there are massive inefficiencies that they never ad-

dressed for years and years. And their answer is to transfer all the flying to UPS.

Personally and from the people that I have spoken with, no one can figure out any other reason that DHL would have made a decision like this other than to try and merge, in some fashion or another, with one of the other global players in the market and create a duopoly or monopoly, if you will.

Senator BROWN. Thank you.

We have asked Wisconsin Senator Herb Kohl, who is the chairman of the Antitrust Subcommittee of the Senate, to look at this, as you know. And he has written a strongly worded letter to the Justice Department.

Believe me, he is a lawyer, and he knows antitrust well. He thinks it is an antitrust violation. That doesn't mean the Justice Department will decide that, but it does mean that it is—I am not a lawyer, and I am certainly not an antitrust lawyer. But the more and more evidence that we gather seems to say that they want to see basically two cargo companies left, FedEx and DHL, and that would come together.

Well, thank you for your comments and testimony.

Ms. Richardson, I am confused as to what happened with you both on your unemployment and your education promised by Delphi. Was this all about Delphi, or was it partly about the Government not stepping up where it should have on unemployment? Can you kind of walk us through that so we can better understand?

Ms. RICHARDSON. Before we left, before we took the buyout, Delphi came in and talked to us and so did unemployment, who told us they would not fight us for applying for unemployment benefits. I was not supposed to leave until—

Senator BROWN. "Us" was several hundred employees at that point?

Ms. RICHARDSON. There was almost half our plant left. As soon as we found out, we were told, again, either take the buyout or go down with the company. I had to make a decision. I have a daughter, family. I didn't want to leave, but I didn't know what the outcome was going to be.

So when I applied for benefits, they told me that Delphi had told them that that was 3 years' salary and that we were not able to receive benefits. I looked for a job 6 months after I left. I was not supposed to leave until January. They came and tapped me on my shoulder on a Thursday in November, told me my last day was the next day, that Friday.

I went 6 weeks, 6 to 8 weeks without any money. Once I filed, I fought. And I am still fighting for my unemployment benefits. It took me 6 months to find an \$8-an-hour job, which I got fired from, but I won my case. I got one check, and then Delphi stepped in and said, "No, you cannot receive it. You are not able to receive it."

So it has been a fight. When it came to school, I went to the transition center. I wanted to go to school for communications. I want to get my Master's in public administration nonprofit. They told me when I applied for school, we had to take a test. I took the test. I already went to school at Central State and Ohio State University. I didn't go to school for 10 years. If I didn't pass a certain part of the test, I couldn't go to school. I don't understand that.



It went on and on. It was a fight about that. Then I said, "Well, I want to go to school for this." "No, you have to either—we are trying to get you a trade." "I don't want a trade. This is what I want to do." They told me that I would have to get an employer to say that they will hire me after I finish school and get five references.

OK, I have to go to school first to get my degree to get in the field that I want to get into. So how do I have to do that? So I stopped going to the transition center. I stopped dealing with Delphi. I stopped dealing with unemployment. So everything I have been doing, I have been doing on my own. And it has been a struggle.

There are no jobs out here. Like I said, I interned just to try to network. I got on at Dayton Urban League through Ms. Theresa with Americorps. I interned there for a year. I was a program coordinator. I implemented a program for HIV and AIDS outreach for teens at Urban League. I gave away 100 free computers to low-income families at Urban League. I worked in the tutorial program.

I am a very smart individual, and it is hard for me to go out here and find a job, and the only thing somebody wants to do is give me an \$8 or \$9 an hour job. So I have to do what I have to do. I have been networking. I have met people. But again, it is still—the hardship is I have to go home every day knowing I still don't have a job.

Senator BROWN. Talk to me about your University of Phoenix Online program.

Ms. RICHARDSON. I came into their bachelor's program. I had enough credits from Ohio State and Central State to begin my bachelor's program. I have already tested out of two of my classes, so I will graduate in December 2009 in communications.

Senator BROWN. What is your experience from people you have talked to that have gone through a similar program with a major like that about job prospects?

Ms. RICHARDSON. It has been big. Some of my friends have tried to start their own business. It has been hard for them. Some people I know did do the HVAC and medical. I know people who stayed at Delphi for another year, and that is one thing Delphi did not tell us that once we took the buyout we had an option, people stayed on. I know people who transferred to Michigan. I know of people who transferred to St. Louis.

Now these plants are in trouble, and now they don't know what they are going to do. It is sad because we gave our hearts. I worked 16 hours a day almost 2, 3 years. I did everything I could for Delphi, and I just feel like they just took everything from us. They promised us dreams and gave us nothing.

Senator BROWN. You finish your degree in communications in December 2009, you said?

Ms. RICHARDSON. Yes.

Senator BROWN. What are you most interested in?

Ms. RICHARDSON. A job.

[Laughter.]

I love working with youth. I want to give back to the youth. My daughter is 12 years old. She is at that time now she is about to

be a teenager. Working at Dayton Urban League and working in our Saturday program, we made our teens stand up.

We have a program called "Teen Up." Our teens are going out into the community. We have gotten stars to sponsor us. We are really trying to make our teens stand up and take it back. It has to deal with abstinence. It has to deal with being good role models. This is what I want to do. I love it. I want to help some teens out.

I had one teen, we went head-to-head when he first came there. By the time he graduated the program, I am his "auntie." That is what he calls me. He moved to Chicago. He is now at the top of his class in 9th grade. He is playing football. He is playing basketball, and I am trying to go up there next month to see him.

I mean, if I could just help one kid, that is just my goal.

Senator BROWN. Thank you. Thank you for that.

Ms. RICHARDSON. Thank you.

Senator BROWN. Mr. Honeck, talk to me about Ms. Richardson's situation. I could see you, you were obviously listening to her story. Talk to us about the archaic side, if you will, of the unemployment system. I mean, so many people aren't eligible at all in the system today.

Give us a couple of minutes of sort of how it has gotten the way it has and how we fill these holes, especially in bad economic times, when just far too few people are eligible for unemployment? Not just extending it, which we, of course, should do immediately, but people that haven't been able to qualify, for whatever reasons.

Dr. HONECK. Well, unemployment is a complicated system. It has been built up over a period of decades. It is a number of different issues. It was built for a situation where people were working full-time in steady jobs, one breadwinner. And my fellow panelist's case, it sounds like the issue is severance payments that are made after the last day of work under Ohio law get then counted against UI payments. That is one set of problems.

There is another set of problems in the State with monetary eligibility. A person has to make \$206 a week, average \$206 a week for a period of about 20 weeks in what is called a base period over a year. And someone who was making \$10 an hour, 20 hours a week will not qualify, won't hit that.

Someone who is making minimum wage, working full-time or almost full-time, won't make that, even though the employer is making payments on that individual's behalf. So, nationally, what is called the reciprocity rate for unemployment is about 37 percent. In other words, only a little over a third of all the people who are unemployed are actually getting covered.

Senator BROWN. What is the historical number, 20? Say, in a recession in the late 1950s or recessions of the 1970s? Were those numbers similar? Is it historical?

Dr. HONECK. I don't have those numbers at my fingertips. But I would say that it has gone down over time. It has slipped.

Senator BROWN. Is it because we have a less traditional economy now, or are there other reasons?

Dr. HONECK. Part of it, I would say, is just less traditional economy and, as I said, just the way we treat monetary eligibility. I think the monetary eligibility requirement goes up every year, and the wages of large sectors of our economy do not.

The minimum wage, we passed a constitutional amendment here, but for years, Federal minimum wage didn't go up. State minimum wage didn't go up. The people who were working full-time but at minimum wage weren't then becoming eligible.

Senator BROWN. Let me shift to TAA. In your testimony, you said the TAA application process should be reformed rather than the cumbersome workplace-by-workplace approach. It is time to recognize that in some sectors of the economy the loss of market share has been so pervasive that a sector-wide certification process should be contemplated.

Talk about that, and then talk about do you relate it to manufacturing or the service sector? Do you connect it only to trade with all the job loss from NAFTA, PNTR, and CAFTA, and on and on?

How do we structure TAA? How do we structure workforce investment in the months ahead?

Dr. HONECK. Well, with TAA, it generally has been the preferred route for unemployed workers because it provides extended income support. It provides tuition assistance. There is a healthcare tax credit involved as well. But the application process has been somewhat cumbersome.

It seems that the Department of Labor probably hasn't invested enough resources to do accurate certifications in the first place. So you see a lot of reapplications and reappeals, basically. The Department of Labor has been taken to task by the Court of International Trade, where a lot of these appeals end up, for not doing a thorough job.

What I am saying is that when you see, let us take textiles, for instance. When you see just pervasive loss of market share, almost any shutdown in the industry is going to be related in some way to trade. And it is rather than having people apply company by company and risk—frankly, risk the situation that occurs sometimes where a lot of smaller companies aren't even aware of it. While the union companies, the unions are aware of the program, and they make an effort to sort of shepherd their members through the process, but a lot of smaller companies will slip through the cracks.

Let us take a look at how we make people eligible, and instead of tying it, in fact, to particular trade deals, let us just look at—whether that is CAFTA or NAFTA or whatever, let us just look at international trade in general and say, you know, this is the bargain we are going to strike with American workers that if we have a certain trade policy that undermines their employment, it may undermine their community, let us make it easier to apply.

Senator BROWN. Thank you, Mr. Honeck.

Ms. Edwards, your thought on TAA and some of the comments Mr. Honeck made?

Ms. EDWARDS. I said at the beginning I am not an expert in WIA or TAA. I just heard those for the first time about 6 months ago. So I defer to Dr. Honeck about that.

But my experience in doing the work on our sector strategy has been that it is difficult for people on both sides to understand all of the intricacies of the system—how to apply, how to access these funds, how to put people on these pathways and benefit from the dollars that are already there. So, for instance, taking a dislocated

worker and understanding what pots of money they could be eligible for, assessing them so that they could advance their skills and making sure then that that education falls within all of the parameters and rules and regulations that come along with that funding.

We have heard anecdotal stories of individuals where it takes them 3 years to get through a nursing program, for instance, but the funding cuts off in 2 years. And those are the types of scenarios that I have learned about.

Senator BROWN. You spoke about, as did Dr. Honeck, you had spoken about sectors. What are the sectors or clusters that you see emerging in southwest Ohio? What can we work around here?

Ms. EDWARDS. The data that we have evaluated suggests aerospace research and development, of course, with Wright-Patterson Air Force Base, information technology, healthcare and human sciences, and advanced manufacturing.

Senator BROWN. OK. Slow down. OK. Aerospace—

Ms. EDWARDS. Aerospace R&D, research and development. Information technology, healthcare and human science, and advanced manufacturing.

Senator BROWN. How many of those sort of connect with Wright-Patterson, certainly aeronautics?

Ms. EDWARDS. Certainly, everything would connect with Wright-Patterson. When you look at several of these areas with regards to even manufacturing, you find manufacturing and information technology in many different industries. Healthcare, with what is the BRAC, part of that mission will relate directly to healthcare. They are bringing people in, for instance, in the medical areas, physicians and clinical laboratory scientists, for example.

Senator BROWN. Is this community ready for BRAC, for the next BRAC round?

Ms. EDWARDS. I would say we are trying. Are we ready? Meaning, do we have the individuals here right now?

Senator BROWN. Well, it is not ready. We are on track to where we need to be?

Ms. EDWARDS. We are certainly identifying what we need to have in place. And some of the work that we are doing and the pathways that we are trying to create, we are hoping that we can produce the workforce that they need.

Now one of the issues with the military is that they advertise their positions on USAJOBS. And so, while we may produce or may not produce the workforce that they need, they have said that they will be advertising and recruiting for those positions across the country.

So that is another interesting issue for us as we try to prepare for that. Because as we talk to these individuals about the positions that are available or will be available because of the BRAC, we want to make sure that there are positions for them then at the time, 2011, when BRAC does happen.

Senator BROWN. I understand Montgomery County has been applying for a grant from DOL that you are involved with. Can you—

Ms. EDWARDS. The Regional Innovation Grant. That is correct.

Senator BROWN [continuing]. Can you give me an assessment of—partly similar to the question I asked the mayor—what we

need to do to make that process work better in the next administration? Or do you not have any complaints about that?

Ms. EDWARDS. Certainly, our experience with the RIG grant has been a bit frustrating in that it was our understanding that it would be a pretty short turnaround time. Our process started several months ago, and we didn't get very quick feedback from individuals. But then the feedback that we got was sometimes contradictory.

In some respects, they wanted it to be a more direct grant, so we did focus on advanced manufacturing. Then we received input that it should be a broader grant. We were told to be specific. So we selected our regional, our nine-county regional area and defined that area, and they told us then that we should focus on a larger area.

Now the Regional Innovation Grant is only an 18-month \$250,000 planning grant. So, to focus on a larger region, it didn't seem to make sense for us at the time.

Also one of the things that we were to be doing was to be identifying a regional economy, to be planning and understanding that regional economy. Some of the things that they were wanting us to do, there seemed to be an expectation that we already knew the answers to some of these questions.

Senator BROWN. Let me finish by asking one question of all five of you. I will start with the mayor, giving you no time to come up with this answer. What is the one or the two things that you would like, that you would want out of my office, that you would like to see the Federal Government do, if you could pick one or two things, other than save DHL—I guess that would be the one for you.

But if you have something specific on what you think we should do to help this valley, help the Miami Valley, help Dayton?

Mayor McLin.

Ms. MCLIN. I think that one of the things would be that when we are applying for money and going through the process the answer comes sooner than later, and the other thing is that I really would like very much for your office to look into the formulas of how cities get money, especially like with the CDBG grants and when we are dealing with infrastructures and brownfields. If the process could be expedited, it would be so helpful.

Senator BROWN. Thank you, Mayor.

Mr. Mead.

Mr. MEAD. Continue to do what you have been doing. You have been very good about supporting our cause and bringing our cause to light and taking it to the right people in Washington. Beyond that, we have not gotten a lot of information about, if this deal should go through and we end up on the street, what our options are, what is available to us as far as unemployment benefits.

I have heard a lot of rumors about what we would be entitled to, but there is really nothing that is out there that we have had access to. Of course, our main goal recently has been focusing on souring this deal so it doesn't happen so we can continue to remain employed. So we don't know what the next step would be after that, if the worst were to happen.

Senator BROWN. Good point. We are trying to walk that line. So if we put too much discussion into what happens if we lose it, we obviously want to stay focused on doing all we can to save those

jobs. We are looking at the other and talking to people, but we perhaps need to be a little more public, and the mayor and we will all work on that together. Thanks.

We are talking to the Department of Labor, and they have somebody on the ground and all that. But that is a very good assessment. Thank you.

Ms. Richardson.

Ms. RICHARDSON. I would just really like for you to look into and investigate more to help us out, the ones who already have had the buyout and the ones that is coming up, especially December 23 with truck and bus, looking into our unemployment benefits. Again, I have been gone 2 years, and I am still fighting to receive mine.

Also, looking at possibly creating more jobs. I don't know where they are going to come from. But give us the resources that we need and the understanding so we can get on our feet and we can prosper for our families.

Senator BROWN. Thank you.

Dr. Honeck.

Dr. HONECK. Two different things. I will stay with the unemployment compensation theme. I think we ought to take a look at taking the deal that workers who are getting TAA are getting and think about offering that to most or all other dislocated workers. The opportunity to go to school for up to 2 years, get income support, healthcare, tax credit, and really not limit people, in a sense, for a lot of folks to that 6 months of getting unemployment, and then they have got to go take a job.

The other thing is job creation. I think one real opportunity that we have is in the field of green energy. If you look at what has happened in Europe, in Germany and other places, they have created hundreds of thousands of jobs, manufacturing wind turbines or energy efficiency products. A lot of those products, the profile fits with what Ohio can make and is making.

There are companies in Ohio who are already in the wind turbine supply chain. But the opportunity is not just going to come to us. We have to reach out and take it. I am sure you heard the story of the two plants in Pennsylvania that went in from I think a Spanish company to make wind turbines, and they actually converted in one case a factory that had been shuttered and took some of the workforce, union workforce and put them to work making those products.

We have an opportunity, but we have got to be organized and strategic about it.

Senator BROWN. Ms. Edwards.

Ms. EDWARDS. We certainly have an opportunity with what is happening with BRAC and taking advantage of that. When we look at what is coming with BRAC, we have research and development, and what the research indicates there is that manufacturers like to be located by research and development.

In saying that, I believe it was Dr. Honeck who commented that individuals are no longer looking to manufacturing as a career choice. And so, how are we going to communicate that to the population that there may well still be jobs, careers, and futures in the

area of manufacturing? Certainly, the legislation, the SECTORS legislation, work like that contributes to our future as well.

Senator BROWN. Thank you.

On a positive note, I appreciate the comments of the last two, particularly on where we're going. Yesterday Governor Strickland and I were in Perrysburg, OH near Toledo at an expansion of a company called First Solar. They have 700 jobs, they are adding 150 jobs over the next year or so. They are the largest solar energy manufacturing company in the country. The governor spoke for a little while, and I spoke for a little while, not very long there—I just took people on a tour around Ohio, of what is happening in the State with alternative energy, and including what you have here with the National Composite Center, what Sinclair does, what Wright-Patterson does, and in Lake Erie where they are going to build wind turbines. It will likely be the first time there will be a field of wind turbines in any fresh water anywhere in the world.

There are things happening in alternative energy all over the State. We have a terrific opportunity because we are both an agricultural State and a mature industrial State that we know how to build things and we can produce—obviously bioenergy because—biomass because of our agriculture. We can obviously build things in this State.

We can build fuel cells, wind turbines, solar panels and have great opportunity there. The Federal Government finally passed last week what are called the tax extenders that will bring some permanence to the tax system and predictability so that investors will want to put capital into major projects like wind and solar and fuel cells, and I think that this State really is well positioned in every corner of this State, including Miami Valley, for manufacturing on alternative energy.

It will really make this the Silicon Valley of alternative energy, and that is the goal. I think there is a lot of interest in doing that.

Thank you all for joining us. Thanks to the panel. The hearing will technically remain open for 10 days. So anybody who wants to submit comments, they can do that, add to any of your testimony. The committee will officially take this. This will be the official record.

So thank you all for being here. Thank you in the audience, and the committee is adjourned.

[Additional material follows.]

## ADDITIONAL MATERIAL

## PREPARED STATEMENT OF SENATOR ENZI

Thank you Senator Brown for holding this important field hearing today to address the needs of American workers and the role job training can play in strengthening and rebuilding our communities.

I believe job training is critical to the success of our communities and Nation. Job training is important both to provide a skilled workforce to avoid closings and to assist workers who have become dislocated. That is why I helped author the reauthorization of the Workforce Investment Act (WIA) which creates a streamlined job training and employment system for our employers and workers. Unfortunately, the Workforce Investment Act (WIA) is 5 years overdue for reauthorization. The Senate passed a bipartisan WIA reauthorization bill in both the 108th and 109th Congress by unanimous consent. However, in this Congress a Senate reauthorization bill was not even introduced. Such inaction is unacceptable.

Congress must renew and improve the Workforce Investment Act by building on its successes so that all Americans have access to education and training opportunities. The structure is already in place, we just need to refine the system to prepare our workers for the new careers of the 21st century. The fact is that we don't even know what the high wage, high demand, high skill careers will be in the next decade. The skills for today's jobs are not the skills needed for tomorrow's jobs—everyone must have the opportunity and access to training and education that will keep them successful in a rapidly changing work environment.

We face many challenges today. Today, an estimated 85 percent of jobs are classified as "skilled" jobs, compared to only 15 percent of jobs classified as "skilled" jobs in 1950. From 2004 to 2014 the numbers of jobs in the U.S. economy is expected to grow by 13 percent, those jobs requiring at least some college will grow the fastest. By some estimates, nearly four out of every five new jobs being created will require some education or training beyond high school which is why it was critical that Congress passed the Higher Education Opportunity Act which we had been working on for 5 years!

In order to meet these challenges head on, we must work with our businesses—big and small—to make sure they have the highly skilled workforce they need to be successful in the 21st century global economy. Additionally, our workers need more opportunities to grow their skills and our businesses deserve a high quality, highly skilled workforce.

Over the past 4 years we have been able to reauthorize Head Start, career and technical education programs and higher education. We are working on high school reform to make sure that more of our students graduate on time with the knowledge and skills they need to be successful in college and the workforce without remediation. We need to get the reauthorization of the Workforce Investment Act done so that everyone throughout life has access to the education and training opportunities they need to be successful. Once again I urge the Senate leadership to take up reauthorization of the Workforce Investment Act (WIA), it is past



time for the Senate to get serious about workforce development and job training and take action on this important legislation.  
[Whereupon, at 4:35 p.m., the hearing was adjourned.]

○